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SUBJECT: NSC SENIOR DIRECTOR'S MEETING WITH FEDERAL COUNCIL
INTERNATIONAL RELATIONS COMMITTEE CHAIR

REF: MOSCOW 5771

Classified By: Ambassador William J. Burns for reasons 1.4 (b,d).

¶1. (C) Summary: Federation Council International Relations Committee Chairman Margelov told visiting NSC Senior Director Mary Warlick on December 11 that he was very satisfied with Putin's selection of First Deputy PM Medvedev as his successor. Margelov described Medvedev as the "best case scenario" for Putin and Russia, stressing that Medvedev is a loyal Putin ally, an efficient manager, has a relatively clean past, and is unfettered by clan politics. Meeting before Medvedev's public call for Putin to become Prime Minister in 2008, Margelov speculated that Putin would try to retain influence as a "national leader," but doubted the strategy. Margelov underscored that Medvedev was also a good choice for U.S.-Russia bilateral relations, predicting that the sharp anti-USG rhetoric would drop and a more "positive" foreign policy would be developed following Medvedev's presumed inauguration. In the meantime, however, bilateral relations would remain tense. Margelov provided his take on the host of contentious foreign policy issues facing the U.S. and Russia, including MD cooperation, CFE, Kosovo, Iran, ODIHR, and Russia's neighborhood. Margelov expressed disappointment over Liberal Group actions to block his nomination as PACE President and confirmed his appointment of the new GOR "Institute of Human Rights and Cooperation." End summary.

Medvedev's Nomination, Putin's Future

¶2. (C) In a wide-ranging December 11 meeting with visiting NSC Senior Director for Russia Mary Warlick, Federation Council International Relations Chair Mikhail Margelov expressed strong support for the Putin-led United Russia Party's choice for presidential candidate nominee (reftel). Margelov said that First Deputy Prime Minister Dmitry Medvedev was the "best case scenario" for Putin and Russia. He characterized Medvedev as very efficient (similar to Putin during his first term in office) and thought he would bring fresh blood to the Kremlin. Margelov added that Medvedev is not "handcuffed" by the siloviki or various Kremlin clans, nor does Margelov have as "difficult a past" as others in Kremlin's circle. Margelov said that Putin's pick of Medvedev also gives the president the choice to remove himself from further mediating clan disputes and focus on his legacy and his future.

¶3. (C) When asked to what extent Putin will allow Medvedev to independently lead Russia after he steps down in May, Margelov stressed that Medvedev is and probably will remain a loyal Putin ally. That said, Margelov noted that Medvedev may reexamine his faithfulness to Putin after some time in office. Margelov said that Putin has told both him and French President Sarkozy that he remains keen on carving out

a role for himself as "national leader." However, Margelov doubted Putin would be successful in his endeavors, noting that Russia's political system centers around the president. Margelov added that the Yeltsin family thought they could manipulate Putin when he was elected president, but "we all know what happened after the first year or so."

¶4. (C) Margelov expressed hope that, with the mystery surrounding his choice for successor behind him, Putin would use his remaining months in office to strengthen the political institutions in Russia. Margelov noted that the liberal parties would be wise to take advantage of this transitional period and focus their attention on the development and articulation of values. This way, in 10-15 years, Russia could develop into a genuine three- or four-party political system.

Medvedev's Positive Impact on U.S-Russia Relations

¶5. (C) Margelov stated in unambiguous terms that the U.S.-Russia bilateral relationship would improve significantly "by May or June," strongly hinting that Medvedev's presumed May 7 inauguration would usher in a new chapter in bilateral relations. Margelov predicted that the sharp anti-USG rhetoric from the GOR would drop dramatically and Russia would begin to take a generally "positive" approach to foreign relations.

¶6. (C) In the meantime, however, Margelov stressed that little progress would be made on the bilateral agenda, relations would remain tense, and the GOR would keep up the tough rhetoric during the electoral season. He commented that U.S.-Russia relations have regressed to the "detente years," when there was noticeable cooperation only on a few issues, including non-proliferation, Middle East peace process issues, and "new threats."

Tour d'Horizon on Key International Issues

¶7. (C) Warlick asked Margelov for an update on Russia's position on the host of key foreign policy challenges.

-- Missile Defense: Margelov noted that Poland has become more "relaxed" in its approach since Donald Tusk was elected Prime Minister, which includes a willingness to discuss with Russia U.S. MD plans in Poland and the Czech Republic. Margelov said that Poland needed to understand that Russia's insistence on a "presence" at the proposed MD site in Poland should not conjure up any images of the "Soviets coming to Poland -- Russia is not the Soviet Union." On the recently released NIE on Iran, Margelov agreed that Iran's missile development program remained a problem and thus MD was still necessary, but he cautioned that the U.S. against focusing exclusively on Iran's program. Pakistan's unstable politics, nuclear arsenal, and continued missile development program were a dangerous mix.

-- CFE: Margelov emphasized that Russia's planned December 12 suspension of the Treaty did not mean that Putin wanted to initiate a new arms race. Rather, the suspension should be viewed through the prism of Putin's efforts to receive equal treatment from the West. In Putin's mind, if the U.S. want to dismantle binding agreements (i.e., ABM Treaty), Russia has the right to do the same; if the U.S. wants to recognize Kosovo, Russia has the right to (at least threaten to) do the same. Margelov said there were no immediate plans to deploy more troops to the flank areas, although he claimed Russia would "work something out" with Turkey on Russia's southern flank. Margelov was pleased the Baltic states remained interested in joining the Treaty, and he thought Russia would continue to engage in negotiations with the Allies after the suspension.

-- Kosovo: Margelov repeated familiar GOR concerns regarding the impact of Kosovo's universal declaration of independence

(UDI), including the likelihood of a "chain reaction" in Northern Cyprus, South Ossetia, and Abkhazia. Margelov described Northern Cyprus as the EU's "problem," but the separatist regions in Georgia were serious concerns for Russia, because Russia "would have to do something." Margelov dismissed Russia's recognition of either these two territories as a viable option for Putin, but he thought it entirely possible that Russia could adopt a "U.S.-Taiwan relationship" with Abkhazia.

-- Iran: Margelov believed Russia would continue to work with the P5+1 on a third UNSC resolution, noting that Russia has its own "internal motivations" for taking a harder line with Iran. He said that in the early 1990's, Iran pumped an unknown amount of money into Tatarstan and the Volga region for reasons unknown to the GOR. Also, Russia is concerned about Iran's increasingly active role in the CIS countries, especially in Armenia. Margelov spun Jalili's replacement of Larijani as nuclear negotiator as an "important signal" that should be viewed positively. Claiming to know Larijani well, Margelov described the former National Security Advisor as an ambitious politician with his own agenda and clearly formed views on Iran's nuclear program. Jalili, on the other hand, is a bureaucrat and will only follow instructions. Thus, there will no longer be any confusion over whether the Iranian nuclear negotiator is accurately conveying the message and intentions of the Iranian leadership.

-- MEPP: Margelov agreed that the Annapolis conference was successful, and stressed that, based on his recent trip to Israel, there was a "real desire" in the Knesset to reach an agreement with the Palestinians. Margelov argued that although the Olmert and Abu Mazen governments are weak politically, weak leaders are more disposed to take big chances; they have little to lose.

-- Georgia: Margelov thought that President Saakashvili took the right steps in holding early presidential elections and allowing Imedi to broadcast again, and he fully expected Saakashvili to win the election. However, Margelov believed that the upcoming election would be Saakashvili's "last victory." Influential parliamentarians in Saakashvili's party recently told Margelov that the Georgian president is following the worst practices of the Soviet Union - Saakashvili is a "dictator," who does not tolerate dissent. Margelov did not expect Russia's bilateral relationship to improve after the January 5 elections, noting that Russia is waiting on Saakashvili to demonstrate his commitment to reaching a "win-win" situation regarding South Ossetia and

Abkhazia.

-- Ukraine: Commenting on the recent formation of an Orange government and Yulia Timoshenko's expected election as Prime Minister, Margelov said that Russia has "learned its lesson" from the 2004 presidential elections and will maintain "pragmatic" relations with Ukraine, regardless of the composition of the government. He noted that energy relations will be based on market relations, joking that Gazprom trusts only in cash.

-- Belarus-Russia Union: Margelov did not know whether there was any truth behind rumors circulating in the press that Putin and President Lukashenko agreed to sign the Constitutional Act to solidify the union state and elevate Putin to the position of president of the union. However, Margelov doubted Putin would take such a step, noting that there was little desire in the Kremlin or Russian elite "to be one family with Lukashenko."

-- ODIHR: Margelov expected Russia would issue an invitation to ODIHR to monitor the presidential elections, and agreed that the invitation should be sent sooner rather than later. Margelov argued that Russia issued a limited number of invitations to ODIHR for the Duma elections mainly for "mathematical reasons." Rather than issuing a large number of invitations for ODIHR observers as in years past, Russia decided to limit the number of invitations to the number of

ODIHR observers who actually took part in the mission.

Margelov's PACE Presidency Nomination

¶8. (C) Margelov confirmed that the European Democrat Group in the Council of Europe's Parliamentary Assembly (PACE) had nominated him to take over for van der Linden as president in January 2008. According to Margelov, PACE nomination rules stipulate that party coalitions nominate a person, and not a nationality, for the presidency position; thus, Margelov's Russian nationality should not be an issue of discussion. However, he expressed disappointment that the Liberal Group was actively seeking to block Margelov's candidacy. Margelov expected a strong reaction from the Kremlin if his nomination was blocked, although he remained optimistic about his chances.

¶9. (C) Margelov stressed that, if elected, he would use his two years as PACE President to promote a "positive agenda" for Russia-EU relations. In this context, Margelov would seek to use PACE as an alternative channel for discussion of issues, noting that the official channel has not proven to be very effective.

Margelov's Appointment as Chairman of New Human Rights NGO

¶10. (C) Margelov also confirmed that he was asked to chair the board of trustees of the newly created Institute of Human Rights and Cooperation. Margelov said that although there were some in the Kremlin who wanted the institute to focus only on alleged human rights abuses in Europe and the West, Margelov underscored his commitment to examining human rights problems abroad (including Central Asia) and at home, similar to the mission of Amnesty International or Human Rights Watch. Margelov added that, if he is elected PACE President, he will try to combine his work in PACE with the human rights institute, noting that the latter would be able to develop more quickly if it relied on the expertise and experience of the Council of Europe.

¶11. (U) Warlick did not have an opportunity to clear this message
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